

File

PAMOUR PORCUPINE MINES, LIMITED

1967 ANNUAL REPORT



A MEMBER OF THE NORANDA GROUP OF COMPANIES



Digitized by the Internet Archive
in 2024 with funding from
University of Alberta Library

https://archive.org/details/Pamo1622_1967

PAMOUR PORCUPINE MINES, LIMITED

EXECUTIVE OFFICE: SUITE 1700 — 44 KING STREET WEST, TORONTO 1

DIRECTORS

K. C. Gray	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
P. D. P. Hamilton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
J. O. Hinds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
R. V. Porritt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
W. S. Row	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
D. E. G. Schmitt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
J. H. Stovel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto

OFFICERS

R. V. Porritt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	President
W. S. Row	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Vice-President
R. C. Ashenhurst	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Secretary
E. K. Cork	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Treasurer

GENERAL MANAGER

D. E. G. Schmitt

TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company
Toronto and Montreal

ANNUAL MEETING

April 11, 1968 — 12:30 p.m. (Toronto Time)
King Edward Sheraton Hotel

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dividends paid during the year amounted to 10¢ per share compared to 11¢ in 1966, and brought the total to date to \$1.75 per share or \$8,750,000.

The tonnage of ore milled and the total gold recovered were slightly less than in 1966. The reduction in earnings was due mainly to increased operating costs resulting from higher wage and related payroll costs. The cost of producing gold rose to a level slightly above that fully eligible for E.G.M.A. credits.

Ore reserves at the year end were 1,635,000 tons averaging 0.11 oz. gold per ton, being a net increase of 19,000 tons after milling 609,750 tons during the year. As noted in the Manager's Report, diamond drilling in the lavas between the 1,200' and 1,600' levels has indicated a zone which, on preliminary information, holds promise of substantial tonnages of ore of somewhat better than ore reserve grade.

The extension of the Emergency Gold Mining Assistance Act until December 31, 1970 is a constructive factor in forward planning for the gold mines. For example, at Pamour, the assurance of continuing operation justified the purchase of a newly-developed and expensive loading and tramming unit to improve productivity and reduce costs.

Your Directors wish to express their appreciation of the loyal and able services rendered by your Manager, Mr. Marshall, and his staff and employees during a year of difficult operation.

On behalf of the Board,

Toronto, Ontario,
January 30, 1968.

R. V. PORRITT,
President.

EARNINGS PER SHARE

	1967	1966
Operating Loss	(11.3¢)	(7.1¢)
E.G.M.A. Credit	13.2	12.0
	1.9	4.9
Investment Income	6.9	7.1
Profit on Sale of Investments	—	0.6
	8.8¢	12.6¢

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
REVENUE		
Metal production	\$2,436,593	\$2,444,218
Income from investments —		
Dividends and bond interest — associated companies	341,184	347,164
Other dividends and interest (net)	6,326	8,544
Profit on sale of investments	—	28,034
	<u>2,784,103</u>	<u>2,827,960</u>
EXPENSE		
Cost of metal production, including mining, milling, delivery and mint charges	2,882,538	2,672,690
Administrative and general expenses (including directors' fees)	65,630	65,024
Depreciation	52,862	46,546
	<u>3,001,030</u>	<u>2,784,260</u>
Less recoverable under The Emergency Gold Mining Assistance Act	659,485	600,944
	<u>2,341,545</u>	<u>2,183,316</u>
	442,558	644,644
Provided for production taxes	<u>1,000</u>	<u>12,260</u>
NET PROFIT FOR THE YEAR	441,558	632,384
RETAINED EARNINGS		
Balance, beginning of year	4,283,618	4,201,234
	<u>4,725,176</u>	<u>4,833,618</u>
Less dividends	500,000	550,000
Balance, end of year	<u>\$4,225,176</u>	<u>\$4,283,618</u>

PAMOUR PORCUPINE

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

(with comparative figures for 1966)

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	\$ 121,813	\$ 166,631
Bullion	194,399	221,150
Marketable investments — at cost (quoted market value \$361,750)	200,015	200,015
Accounts and loans receivable	6,698	6,629
Receivable under The Emergency Gold Mining Assistance Act	264,000	201,000
	<u>786,925</u>	<u>795,425</u>
INVESTMENTS — at cost, less amounts written off		
Shares and bonds — associated companies (quoted market value \$12,369,133)	<u>4,251,475</u>	<u>4,351,475</u>
DEFERRED AND PREPAID ITEMS		
Stores — at cost	434,225	397,645
Miscellaneous	25,349	24,601
	<u>459,574</u>	<u>422,246</u>
FIXED ASSETS		
Mine properties — at cost	175,177	175,177
Plant, buildings, equipment and townsite — at cost	2,774,700	2,697,885
Accumulated depreciation	2,548,219	2,498,757
	<u>226,481</u>	<u>199,128</u>
	<u><u>\$5,899,632</u></u>	<u><u>\$5,943,451</u></u>

AUDITORS' REPORT

We have examined the balance sheet of Pamour Porcupine Mines, Limited as at December 31, 1967 and the statements of operations and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Ontario,
January 30, 1968.

laws of Canada)

December 31, 1966)

	1967	1966
CURRENT LIABILITIES		
Accounts payable	\$ 268,329	\$ 244,623
Taxes payable	11,739	23,000
Due to associated company	6,888	4,710
	<u>286,956</u>	<u>272,333</u>
CAPITAL STOCK AND RETAINED EARNINGS		
Capital stock		
Authorized, issued and fully paid —		
5,000,000 shares of no par value	1,387,500	1,387,500
Retained earnings	4,225,176	4,283,618
	<u>5,612,676</u>	<u>5,671,118</u>
Approved on behalf of the Board:		
R. V. PORRITT, Director		
W. S. ROW, Director		
	<u>\$5,899,632</u>	<u>\$5,943,451</u>

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,
Chartered Accountants.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
WORKING CAPITAL, beginning of year	\$ 523,100	\$ 413,000
SOURCE OF FUNDS		
Operations —		
Net profit for the year	441,600	632,400
Depreciation	52,900	46,500
Sale of investments	100,000	64,300
	<u>594,500</u>	<u>743,200</u>
APPLICATION OF FUNDS		
Dividends	500,000	550,000
Fixed assets	80,200	66,000
Miscellaneous deferred items	37,400	17,100
	<u>617,600</u>	<u>633,100</u>
NET INCREASE (DECREASE)	(23,100)	110,100
WORKING CAPITAL, end of year	<u>\$ 500,000</u>	<u>\$ 523,100</u>

MANAGER'S REPORT

To the President and Directors:

The following report summarizes operations at the Pamour Mine for the year 1967.

MINE

Development

	Feet of Advance		
	1967	1966	To Date
Drifts	2,730	3,090	182,540
Crosscuts	1,950	2,430	45,420
Raises	5	—	78,795
Stope Preparation	8,475	6,240	194,645
	<u>13,160</u>	<u>11,760</u>	<u>501,400</u>

Lateral development consisted of 2,780 feet of exploration in lava formations, 1,270 feet in east greywacke and 630 feet in conglomerate.

In the east end of the mine, 860 feet of drifting was in ore averaging 0.20 oz. gold per ton over drift width. Some 213 feet of drifting in the west section averaged 0.16 oz. gold per ton over drift width.

Diamond Drilling

A total of 34,465 feet of exploratory drilling was done in 190 holes, all in the eastern section of the mine. This compares with 45,530 feet in 278 holes in 1966.

Exploration of the lavas accounted for 89% of the drilling and indicated a wide zone of disseminated mineralization between the 1200' and 1600' levels which is estimated to contain 300,000 tons averaging 0.16 oz. gold per ton. This zone is open downward and to the west but has not been sufficiently proved for inclusion in reserves. Approximately 9% of the drilling explored the east greywacke and indicated an extension of the Three Nations zone above the 800' level and small lenses of ore between the 1600' and 1800' levels. The remainder of the drilling was in conglomerate, mainly to explore this formation between the 1800' and 2000' levels. Results were encouraging but further work will be required.

Stoping

Stoping was carried on in the east and west sections of the mine with the east end accounting for 72% of the tonnage mined. About 27% of the ore was produced from lava formations. Some 65% of the ore milled was mined from shrinkage stopes; 24% from long-hole open stopes; 8% from flat-dipping slusher stopes and only 3% from cut-and-fill stopes.

ORE RESERVES (At December 31, 1967)

Broken:		Grade			Grade
	Tons	Oz./Ton	Tons		Oz./Ton
East End	499,520	0.098			
West End	112,660	0.097	612,180		0.098
In Place:					
East End	844,770	0.112			
West End	177,660	0.169	1,022,430		0.122
Totals:					
East Ore	1,344,290	0.107			
West Ore	290,320	0.141			
			<u>1,634,610</u>		<u>0.113</u>

Allowance for normal dilution was made in calculating the tonnage and grade of ore reserves.

After milling 609,750 tons, proven reserves were increased by 18,720 tons, and .003 oz. per ton in grade.

MILL

	1967	1966
Tons milled	609,750	612,500
Tons milled per calendar day	1,671	1,678
Average gold content — oz./ton	0.115	0.114
Average tailings loss — oz./ton	0.010	0.009
Total recovery — %	91.4	92.3
Gold production — ounces	64,170	64,530
Value of total production	\$2,436,600	\$2,444,200

GENERAL

Because of high labour turnover and shortage of competent replacements, the average number of persons on the payroll was higher than during 1966. There were 375 persons compared to 365 in 1966.

I wish to express my appreciation to B. A. Thomson, Superintendent of Mines, J. K. Dever, Mill Superintendent, V. A. Andrew, Mechanical and Electrical Superintendent, H. A. Harvey, Chief Accountant, S. Belanger, Chief Assayer, and their staffs for loyal and efficient services rendered during the year.

Respectfully submitted,

W. J. MARSHALL,
Manager.

Pamour, Ontario,
January 15, 1968.

